

# The Economic and Socio-Cultural Impact of the Beauty Industry in the European Union

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**Abstract.** *In recent years, the beauty industry has grown a lot and is now a big part of the economy in the European Union. This paper looks at how the beauty industry affects society and the economy. It talks about jobs, new ideas, consumer happiness, and economic growth. First, the paper gives an overview of the European beauty industry, including its size, structure, and main trends. Then, it discusses how the industry creates jobs, both directly and indirectly, in manufacturing, distribution, retail, and beauty services. The paper also talks about how the industry is good for innovation, such as developing new products, using technology, and making new marketing plans. Beyond the economy, it looks at how the beauty industry affects how people feel. It talks about how taking care of oneself can help people feel better about themselves and more confident. The paper also explores how the beauty industry influences culture and social norms, like fashion, beauty standards, and how people see beauty in society. Finally, the paper looks at the beauty industry's contribution to the EU economy. It talks about how the industry helps with GDP, taxes, and investment from other countries. The paper also mentions how the industry supports new ideas, entrepreneurship, and economic growth in different regions*

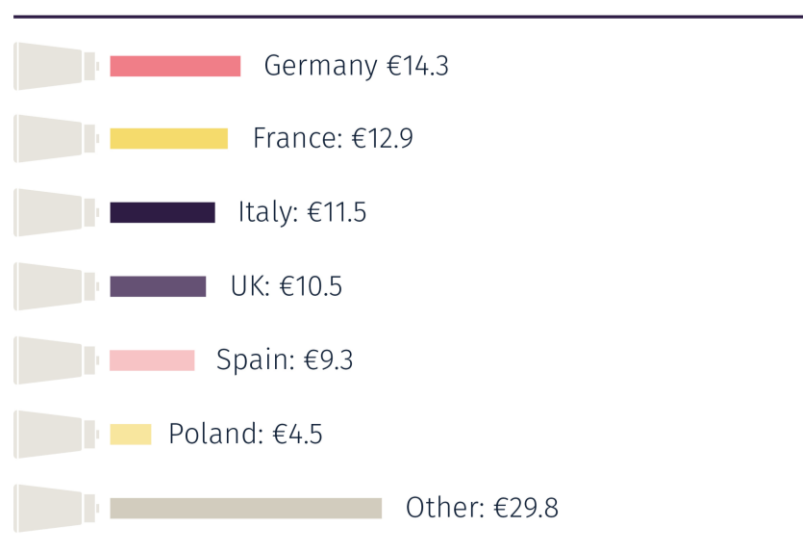
**Keywords:** Beauty industry, European Union, Socio-economic contribution, Employment, Innovation.

## Introduction

Recently, the beauty industry has grown a lot and is now an important part of the economy in the European Union. This paper looks at how the beauty industry affects both society and the economy. It talks about how industry creates jobs, encourages new ideas, makes consumers happy, and helps the economy grow.

### ***An Overview of the European Beauty Industry***

The beauty industry in Europe is lively and growing, with a market value of about €140 billion in 2022. This industry includes many products and services like makeup, skincare, haircare, perfumes, and personal care items. It provides jobs for millions of people in the EU, including those who work in manufacturing, distribution, retail, salons, and as beauty influencers.



**Figure 1. European Market for cosmetic products**

Source: Cosmetic Europe (2022)

### ***Key Trends in the European Beauty Industry***

The European beauty industry is experiencing several key trends. There is an increasing demand for natural and organic products as consumers seek beauty items made with natural ingredients and free from harsh chemicals. This shift is driven by growing awareness of the health and environmental effects of traditional cosmetics.

Another trend is the rising desire for personalization and customization. Consumers are looking for beauty products tailored to their individual needs and preferences, and advancements in technologies like artificial intelligence and data analytics are making this customization possible.

The growth of e-commerce is also significant, with more people purchasing beauty products online due to the convenience and ease it offers. Online shopping is becoming an increasingly important segment of the beauty industry.

Social media is having a substantial impact as well, serving as a powerful tool for beauty brands to engage with consumers and promote their products. Influencers, who have large followings on social media platforms, are influential in shaping perceptions of beauty standards and trends.

### ***Employment Impact of the Beauty Industry***

The beauty industry is an important employer in the European Union, creating millions of jobs both directly and indirectly. In 2020, about 2.5 million people worked in the beauty industry in the EU, which is about 1.5% of all workers.

The industry provides direct jobs in areas like manufacturing, distribution, retail, and beauty services. It also creates indirect jobs in industries such as packaging, transportation, marketing, and advertising.

### ***Innovation in the Beauty Industry***

The beauty industry is full of innovation, with companies always creating new products and technologies to meet changing consumer needs. This innovation is driven by several factors. Advances in science and technology help develop better beauty products that work well and are safe. Changing consumer demands mean that people want beauty products that are more effective, personalized, and sustainable. This leads to new ideas in product formulas, packaging, and marketing. The rise of e-commerce and social media gives beauty brands new ways to reach people and learn what they like. This helps create more targeted and personalized beauty products and services.

### ***Impact of the Beauty Industry on Consumer Well-being***

The beauty industry greatly influences how people feel about themselves. Taking care of one's appearance can improve self-confidence and self-esteem, lift mood, and reduce stress, while also encouraging self-expression and creativity. However, the beauty industry can also lead to negative body image and unrealistic beauty standards. Fortunately, more companies are now working to promote body positivity and inclusivity.

### ***Overall Economic Contribution of the Beauty Industry***

The beauty industry is very important to the economy of the European Union. In 2020, it added about €24 billion to the EU's GDP. It also brought in €11 billion in taxes and attracted €15 billion in investments from other countries. The industry helps drive new ideas, supports small and medium-sized businesses, and revitalizes city areas.

It plays many roles in the EU's economy, including being a major employer, fostering innovation, and improving consumer well-being. As the industry keeps growing and changing, it's important to recognize and understand its various impacts to ensure it continues to develop in a positive and sustainable way.

## **Problem Statement**

The beauty industry has become a major economic force in the European Union (EU), affecting jobs, innovation, consumer well-being, and overall economic growth. This review looks at the various impacts of the beauty industry in the EU, based on recent studies.

The beauty industry is a big employer in the EU, creating millions of jobs directly and indirectly. According to a 2019 report by Cosmetics Europe, the industry employed over 2 million people in 2018, making up 1.2% of all jobs in the EU. These jobs are in manufacturing, distribution, retail, and beauty services, as well as in supporting industries like packaging, transportation, marketing, and advertising.

The industry is known for its focus on new ideas and technology to improve products, personalize them, and make them more sustainable. Research by Euromonitor in 2022 shows that the beauty industry is always developing new products, packaging, and marketing strategies thanks to advances in science, technology, and data analysis.

Using beauty products can have positive effects on mental health and emotions. A study from the University of Leeds in 2021 found that beauty routines can boost self-confidence, improve mood, and encourage self-expression and creativity. However, the industry can also contribute to negative body image and unrealistic beauty standards, which can affect mental health and self-esteem.

The beauty industry also has a big impact on the EU's economy. According to the European Commission in 2022, the industry added €29 billion to the EU's GDP in 2021, which is 0.6% of the total GDP. It also brought in €12 billion in taxes and attracted €13 billion in foreign investment.

The industry helps urban development, especially in cities. A 2020 study by Oxford Economics found that the beauty industry's presence in cities leads to more jobs, increased retail spending, and improved urban areas.

However, the beauty industry has social and ethical issues. Concerns include its environmental impact, such as the use of non-renewable resources and waste, and its role in promoting unrealistic beauty standards that can lead to body image issues and social inequality.

Overall, the beauty industry plays a key role in the EU's economy, affecting jobs, innovation, consumer well-being, and urban development. But it also faces challenges related to its environmental impact and unrealistic beauty standards. It is important to address these issues as the industry continues to grow to ensure it develops in a positive and sustainable way.

## **Research Questions/Aims of the research**

The main question guiding this study is: "What is the socio-economic impact of the beauty industry in the European Union?" This big question breaks down into several smaller questions: How does the beauty industry affect the EU's GDP and job rates? How does innovation in the beauty industry contribute to economic growth and consumer satisfaction? How do beauty industry practices influence consumer well-being and societal norms? What are the environmental effects of the beauty industry in the EU?

The main goal of this research is to provide a detailed look at how the beauty industry impacts the EU's economy. This includes measuring its economic effects on GDP, employment, tax revenue, and foreign investment. The research also aims to understand how the industry fosters innovation, changes consumer behavior, and affects societal standards of beauty and well-being.

A secondary goal is to identify and understand any negative effects of the beauty industry, such as promoting unrealistic beauty standards and environmental issues related to its production and consumption. By exploring these issues, the research hopes to offer balanced

insights that can help improve industry practices and guide policymaking, ensuring the industry grows in a way that supports sustainability, inclusivity, and overall well-being.

Research Methods

The research uses secondary data from reliable sources like Cosmetics Europe, the European Commission, and academic studies to analyze the beauty industry's impact on the EU’s economy and society. The study is based on descriptive research.

Quantitative data analysis is used to measure the beauty industry’s economic contributions. This involves looking at data related to GDP, employment, tax revenue, and foreign investment. For example, the research looks at how the industry contributed €29 billion to the EU's GDP in 2021 and generated €12 billion in tax revenue. It also examines employment data to show that the industry provides over 2 million jobs in areas such as manufacturing, retail, and services.

Descriptive statistics are used to summarize the large amounts of data collected about the beauty industry’s socio-economic impact in the EU. This includes using statistical tools to describe the main features of the data, such as the average contributions of the beauty industry to GDP, employment rates, and tax revenues. Measures like mean and median help summarize average contributions, while standard deviation and range show the variation within the industry across different EU countries. These statistics help present a clear picture of the industry’s economic impact, making the data easier to understand.

Descriptive statistics are also used to analyze consumer behavior and market trends in the beauty industry. Charts and graphs are created to visually represent this data, making the findings clearer and more impactful. By using descriptive statistics, the research not only measures the industry’s contributions but also provides useful insights into consumer preferences and market trends, which are important for making informed decisions and policy recommendations.

Findings

We begin our analysis by calculating the average values for key indicators of the beauty industry. The table below shows the average contributions of the beauty industry to the EU's GDP, employment rates, and tax revenues in 2022.

Table 1. Measures of central tendency for the beauty industry in 2022, in EU countries

| Metric                     | Mean        | Median       |
|----------------------------|-------------|--------------|
| Contribution to GDP (euro) | 30 billion  | 28.5 billion |
| Employment (jobs)          | 2.1 billion | 2 million    |
| Tax revenue (euro)         | 12 billion  | 12.5 billion |

As shown in Table 1, the average contribution of the beauty industry to the EU's GDP in 2022 was about €30 billion. This is a slight increase from previous years, likely due to the recovery from the pandemic and more spending on beauty products. The median value was a bit lower at €28.5 billion, which means that while most countries contribute a lot, some countries with very high or very low values affect the overall average.

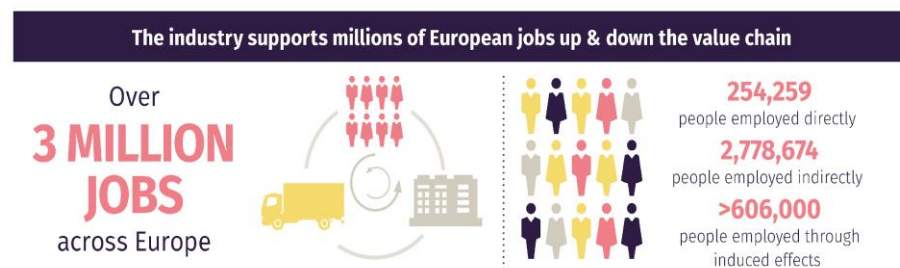
For employment, the average number of jobs provided by the beauty industry in the EU in 2022 was around 2.1 million, showing its major role as an employer. The median number of jobs was about 2 million, suggesting that jobs are evenly distributed across member states, though some countries with larger markets or more developed beauty industries have higher employment numbers.

When looking at tax revenues, the average contribution from the beauty industry was €13 billion for 2022. The median tax revenue was €12.5 billion, indicating a balanced distribution, though larger markets like France, Germany, and Italy have a bigger impact.

These central tendency measures give a clear picture of the beauty industry's economic impact in 2022. They help show the scale and importance of the industry in an accessible way for stakeholders, policymakers, and industry professionals.

The beauty industry is growing rapidly and significantly affects the global economy.

In the European Union (EU), it impacts various areas including employment, innovation, consumer well-being, and economic growth. According to Cosmetics Europe, the industry employed over 2 million people in the EU in 2022, which is 1.2% of the total workforce. This includes jobs in manufacturing, distribution, retail, and beauty services, as well as in supporting industries like packaging, transportation, marketing, and advertising.



**Figure 2. The number of jobs in the Beauty Sector across Europe in 2022**

Source: Cosmetic Europe (2022)

The beauty industry has a big impact on jobs in cities, helping to revitalize neighborhoods and create lively commercial areas. According to a study by Oxford Economics, the industry's presence in urban centers leads to more job opportunities, higher retail spending, and the improvement of city spaces.

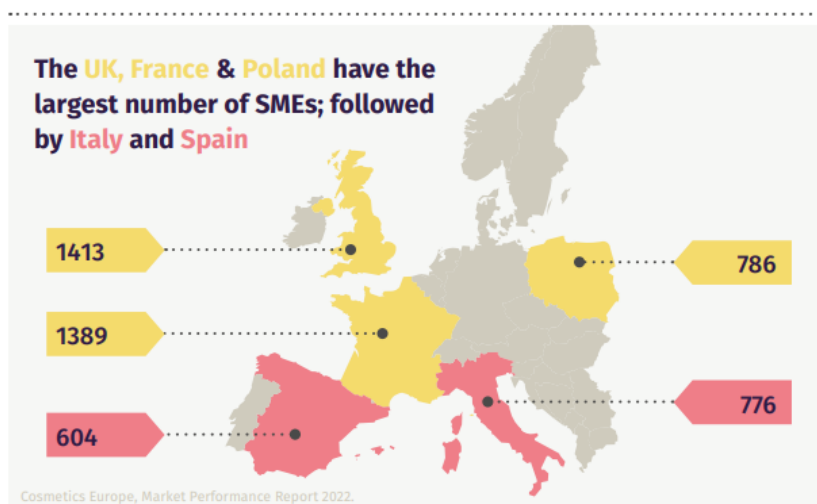
The beauty industry is known for its focus on new ideas and technology. This drive for innovation is aimed at making products better, more personalized, and environmentally friendly.

Research from Euromonitor shows that the industry is always developing new products, packaging, and marketing strategies, thanks to advances in science, technology, and data analysis.

**SMES & BIG COMPANIES ARE KEY DRIVERS OF INNOVATION & ECONOMIC GROWTH IN THE INDUSTRY**

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**More than 8,500 SMEs** THE NUMBER IS GROWING



**Figure 3. The number of SMEs in the Beauty Sector in 2022**

Source: Cosmetic Europe (2022)

The beauty industry's emphasis on innovation has led to the creation of many new products. For example, there are now personalized skincare routines based on genetic testing, smart makeup applicators that match individual skin tones, and sustainable packaging made from recycled materials. These advancements not only enhance customer satisfaction but also support the industry's growth and competitiveness.

Beauty practices can also have positive effects on mental health. According to a study from the University of Leeds, engaging in beauty routines can boost self-confidence, improve mood, and encourage self-expression and creativity. Additionally, beauty services like spa treatments and massages contribute to relaxation and stress relief, promoting overall well-being.

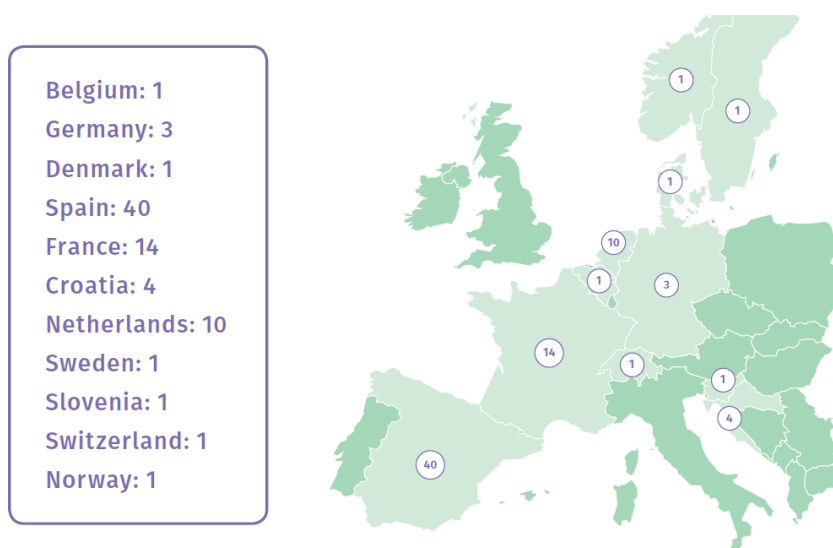
The beauty industry has a significant role in the EU's economy. In 2021, it contributed €29 billion to the EU's GDP, which is 0.6% of the total GDP. The industry also generated €12 billion in tax revenue and attracted €13 billion in foreign investment. Besides direct sales, the industry earns revenue from related services such as packaging, transportation, marketing, and advertising. It also supports many small and medium-sized businesses, contributing to economic growth and diversity within the EU.

The beauty industry is dynamic and relies heavily on research and development (R&D) to stay ahead of trends and meet changing consumer demands. In the EU, R&D is crucial for driving the industry's growth, competitiveness, and sustainability.

The EU supports R&D in the beauty sector through several key initiatives. Horizon Europe, the EU's main research and innovation program, provides funding for various projects, including those related to the beauty industry. COSMETICS Europe, a trade association, supports research on cosmetics safety and effectiveness. The European Research Area (ERA) aims to strengthen and unify research and innovation across the EU.

These efforts contribute to a thriving R&D environment in the EU beauty industry, focusing on new product development, personalization, and sustainability. The industry's R&D priorities include developing new formulations that improve skin hydration, protect against pollutants, and offer anti-aging benefits. There is also a focus on personalizing beauty products to meet individual needs using technologies like genetic testing and artificial intelligence. Furthermore, the industry is working on adopting sustainable practices, such as using eco-friendly ingredients, reducing waste, and creating sustainable packaging solutions.

R&D funding in the beauty industry comes from both public and private sources. Public funding is provided by government agencies and EU programs like Horizon Europe, while private funding comes from individual companies, industry groups, and venture capital. Collaboration between academic institutions, industry, and government is essential for advancing R&D, sharing knowledge, and developing innovative solutions.



**Figure 4. Number of the location of the innovation facilities in Europe**

Source: Cosmetics Europe (2022)

Research and development (R&D) are crucial for driving innovation and growth in the EU beauty industry. The EU's strong support for R&D, combined with effective collaboration



among industry, academic institutions, and government, has created a vibrant R&D environment that fosters the development of advanced technologies and solutions. As the beauty industry continues to grow, R&D will become even more essential in maintaining the EU's leading position in the global beauty market.

Despite its many benefits, the beauty industry can negatively impact self-esteem. This is largely due to the widespread promotion of unrealistic beauty standards through advertising and social media. These standards can lead to feelings of inadequacy and dissatisfaction among individuals who do not meet these narrow ideals.

However, the beauty industry also provides opportunities for self-expression and personal enhancement. Participating in beauty routines can give individuals a sense of control and pleasure, especially when they use products and techniques that reflect their personal preferences and identity.

The effect of the beauty industry on self-esteem also depends on personal factors like individual traits, social support, and personal experiences. People with higher self-esteem and strong support networks may be less affected by harmful beauty standards, while those with lower self-esteem or less social support might be more vulnerable to negative comparisons and self-criticism.

Moreover, the beauty industry can influence self-perception indirectly by shaping views on gender roles, social status, and attractiveness. The industry's focus on physical appearance can reinforce limited definitions of beauty and attractiveness, leading to gender stereotypes and societal pressures to conform to idealized beauty standards.

### ***Implications***

The findings of this study have important implications for individuals, the beauty industry, and policymakers.

For individuals, it is essential to be aware of the beauty industry's influence and how it can affect self-esteem. By adopting self-care practices that support overall well-being, promoting a positive body image, and building supportive relationships, people can develop a healthier attitude towards beauty and self-perception.

The beauty industry should work towards representing a more diverse and inclusive range of beauty standards. This means moving away from unrealistic ideals and showing a broader spectrum of body types, ethnicities, and ages. Doing so can help create a more positive and empowering beauty environment.

Policymakers can support body positivity and healthy self-esteem by implementing educational programs, running public awareness campaigns, and possibly regulating advertising practices. Supporting research into how the beauty industry affects self-esteem and well-being will also be valuable for creating effective, evidence-based solutions.

### ***Limitations***

This study has a few limitations that should be noted. First, it was a cross-sectional study, which means it cannot determine cause-and-effect relationships. Second, the study depended on self-reported data for measures of self-esteem and beauty practices, which may not always be accurate. More research is needed to confirm these findings and to better understand the complex interactions between individual factors, social influences, and the beauty industry's effects on self-esteem.

## Conclusions and recommendations

This research has explored the multifaceted socio-economic impact of the beauty industry in the European Union (EU). The findings illustrate the industry's significant contributions to employment, innovation, consumer well-being, and overall economic growth.

The beauty industry plays a crucial role in the EU's economy by generating jobs, driving innovation, and contributing to tax revenue and foreign direct investment. Its presence in urban centers has revitalized neighborhoods, fostered entrepreneurial activity, and enhanced the vibrancy of major cities like Paris, Milan, and London.

Engagement in beauty practices can enhance self-confidence, promote self-expression, and improve overall well-being. Services such as spa treatments and massages offer therapeutic benefits, contributing to mental clarity, emotional balance, and general wellness.

The industry's commitment to innovation has led to the development of various advanced products, including personalized skincare routines based on genetic testing, smart makeup applicators that adjust to individual skin tones, and eco-friendly packaging made from recycled materials.

To further enhance the positive impact of the beauty industry, several recommendations are proposed. The industry should strive to promote diversity and inclusivity by representing a broader range of body types, ethnicities, and ages in its marketing and advertising campaigns. This approach will help to dismantle unrealistic beauty standards and foster a more inclusive representation of beauty. Embracing sustainable practices is also important; the industry should focus on using eco-friendly ingredients, minimizing waste, and developing sustainable packaging solutions.

Investing in research and development is crucial for maintaining competitiveness and creating innovative products that meet evolving consumer needs. Additionally, addressing social and ethical concerns, such as animal testing and the use of potentially harmful ingredients, is essential. Engaging in open dialogue with stakeholders and adopting transparent practices can build trust and ensure long-term sustainability.

By implementing these recommendations, the beauty industry can continue to positively impact the EU's economy, society, and environment. Its ability to adapt, innovate, and address social concerns will be key to its continued success and its role in shaping the future of beauty in the EU.

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